

State of Delaware
ARRA Spending Proposal for the
Energy Efficiency Community Block Grant (EECBG) Program

Introduction

The Energy Efficiency and Conservation Block Grant (EECBG) was authorized under Title V (Sections 541-548) of the Energy Independence and Security Act of 2007 (EISA). This program has not been funded previously. The purpose of the EECBG Program is to assist eligible entities in creating and implementing strategies to:

1. reduce fossil fuel emissions in a manner that is environmentally sustainable and, to the maximum extent practicable, maximizes benefits for local and regional communities;
2. reduce the total energy use of the eligible entities; and
3. improve energy efficiency in the building sector, the transportation sector, and other appropriate sectors.

EECBG funds can be spent in a variety of ways including, but not limited to:

- Energy Strategy development
- Building Energy Audits & Retrofits
- Financial Incentive Programs for governments or citizens
- Energy Efficiency and Conservation Programs for Buildings and Facilities
- Development and Implementation of Energy-Related Transportation Programs
- Building Codes and Enforcement
- Material Conservation Programs including source reduction, recycling, and recycled content procurement programs
- Reduction and Capture of Methane and Greenhouse Gases
- Traffic Signals and Street Lighting
- Renewable Energy Technologies on Government Buildings

EECBG funds within each state are divided into two portions:

1. prescribed grants that go directly to larger county and municipal governments in each state, and
2. A state allocation (\$9.6M for Delaware), 60% of which must be directed to the state's remaining smaller municipal and county entities and 40% that is retained by the state for state purposes consistent with the EECBG goals.

All funds must be obligated/committed within 18 months of the effective date of the award and expended within 36 months of the effective date of the award. Cost sharing is not required for any recipient.

State Portion of EECBG funding

DNREC's Energy Office will receive \$9.6M of which 40% is for the State (\$3.8M) and 60% (\$5.8M) must be allocated to smaller municipalities that do not receive direct funding from the Department of Energy. DNREC proposes that Delaware uses the State portion of EECBG funds to complement the programs proposed in the State Energy Program funding to focus on energy efficiency first because of the greater number of associated jobs and the higher return on investment, as well as some adoption of renewable energy systems. Whereas the ARRA SEP proposal included four planned project activities including home energy efficiency, business, commercial and manufacturing energy efficiency, statewide renewable energy funding, and energy efficiency in state facilities, DNREC proposes that the State dedicate its portion of the Block Grant to State facility upgrades (efficiency first and renewables). The \$3.8M will be used as seed capital for an in-house performance contracting account where the State's Division of Facilities Management can draw on funds to make efficiency investment in state buildings and repay the in-house performance contracting account with savings from energy efficiency investments and adoption of renewable energy, thereby enabling a revolving account that can extend beyond the 3 year duration of EECBG.

The use of these funds for this purpose aligns with the Governor's vision and priorities to:

- Create jobs and economic opportunities for Delaware residents (\$3.8M of EECBG investment in state facilities will create ~82 jobs)
- Achieve energy conservation & efficiency targets of Delaware's proposed Energy Efficiency Resource Standard (EERS) (\$3.8M of investment in State facilities will generate ~\$1.9M in annual operating savings and reduce energy consumption by nearly 17 million kWh, which is .3% of statewide demand)

Funding Allocations for Municipalities

Allocating the remaining 60% of EECBG to municipalities that do not receive direct funding from the Department of Energy, as required by law, presents a challenge for Delaware because of our size and the fewer incorporated municipalities relative to other states. Table 1 shows the total state share of EECBG. The 3 counties and the 10 largest municipalities will each receive their shares directly from the U.S. Department of Energy (DOE). Shares for these direct recipients were set by DOE by a national formula and are not negotiable. Similarly, they are not included in any state grant application to DOE under EECBG.

Table 1, EECBG Direct Allocations For Delaware

State	Name	Population	Government Level	Allocation
DE	Delaware	N/A	DNREC Energy Office	\$9,593,500
DE	Wilmington	72,868	City	\$800,600
DE	Dover	35,811	City	\$180,400
DE	Newark	29,992	City	\$147,800
DE	Elsmere, Town of	11,153	City	\$50,000

DE	Georgetown, Town of	8,288	City	\$50,000
DE	Middletown, Town of	8,223	City	\$50,000
DE	Milford	7,185	City	\$50,000
DE	New Castle	5,712	City	\$50,000
DE	Seaford	5,157	City	\$50,000
DE	Smyrna, Town of	4,973	City	\$50,000
DE	New Castle	N/A	County	\$3,746,200
DE	Sussex	N/A	County	\$688,600
DE	Kent	N/A	County	\$411,600
Total				\$15,918,700

As required by law, the State allocation dedicated to incorporated entities not receiving direct EECBG dollars (\$5.8M) is proposed to be divided up among the State's smaller municipalities in accordance with Table 2. The funding allocations are based on 2007 U.S. Census Bureau population estimates with a maximum award of \$45,000 (slightly less than the default grant size for the larger municipalities) and a minimum award of \$20,000. This should allow all eligible municipalities under this phase of the EECBG to plan projects that would provide positive benefits in their communities and also create jobs.

Under DOE requirements, these smaller municipalities will be required to file applications with the DNREC Energy Office to receive these awards and must use their funds in accordance with the same funding guidelines expressed above. The Energy Office will also offer these smaller entities an opportunity to partner with the Sustainable Energy Utility (SEU) to provide a greater leverage for these limited funds and to provide SEU expertise in implementing projects. New Castle County has also expressed interest in allowing eligible smaller municipalities from throughout the State the ability to "piggyback" on their existing contract with an energy services company (AMERESCO) that would allow these smaller entities to contract for energy efficiency or renewable energy projects for their public facilities that would normally not be available to these small entities due to the project's smaller size.

Table 2. Proposed
Funding Allocations
for Small
Municipalities

<u>Municipality</u>	<u>2007 Population</u>	<u>Proposed Allocation</u>
Laurel -S	3,867	\$45,000
Harrington - K	3,309	\$45,000
Lewes - S	3,081	\$45,000
Millsboro - S	2,539	\$40,000
Camden - K	2,518	\$40,000
Milton - S	1,811	\$35,000
Selbyville - S	1,768	\$35,000

Bridgeville - S	1,606	\$35,000
Rehoboth - S	1,568	\$35,000
Delaware City - NC	1,516	\$35,000
Delmar - S	1,505	\$35,000
Clayton - K	1,460	\$30,000
Wyoming - K	1,363	\$30,000
Bellefonte - NC	1,290	\$30,000
Ocean view - S	1,114	\$30,000
Newport - NC	1,110	\$30,000
Blades - S	1,010	\$30,000
Bethany Beach - S	952	\$25,000
Greenwood - S	895	\$25,000
Felton - K	865	\$25,000
Frankford - S	766	\$25,000
Frederica - K	740	\$25,000
Dagsboro - S	568	\$25,000
South Bethany - S	519	\$25,000
Arden - NC	485	\$20,000
Houston - K	476	\$20,000
Cheswold - K	466	\$20,000
Townsend - NC	378	\$20,000
Fenwick Island - S	361	\$20,000
Ellendale - S	349	\$20,000
Bowers - K	341	\$20,000
Odessa - NC	334	\$20,000
Dewey Beach - S	314	\$20,000
Ardentown - NC	308	\$20,000
Millville - S	277	\$20,000
Ardencroft - NC	275	\$20,000
Kenton - K	264	\$20,000
Magnolia - K	246	\$20,000
Leipsic - K	226	\$20,000
Slaughter Beach - S	216	\$20,000
Little Creek - K	214	\$20,000
Woodside - K	201	\$20,000
Bethel - S	199	\$20,000
Viola - K	171	\$20,000
Henlopen Acres - S	141	\$20,000
Hartly - K	87	\$20,000
Farmington - K	83	\$20,000

Assuming all eligible entities apply for and receive funding, there remains a total of approximately \$4.56M, that DNREC proposes be dedicated to a competitive grant program for all eligible entities. The Energy Office has petitioned the DOE to allow us to make these

competitive funds available to all local governments in Delaware (in contrast to DOE rules) and are currently awaiting further clarification on this request. Regardless of DOE's response to our petition, we will look to the SEU and other means of leveraging these dollars and in providing the financial and technical expertise necessary to cost effectively expend these dollars.